must do something to see that they reduce prices. I know there are many of your supporters in the industry. You must see that they reduce the prices.

SHRI NIRMAL CHATTERJEE (West Bengal): He very correctly noted that the strongest monopoly in this industry is there the world over, not only in India, but unfortunately there is a State sector also in the Indian conditions. The question that has to be answered is how do you propose to deal with the monopoly. How do you want to use the State sector that you have in the tyre industry against the monopolists? Instead of that what you are doing is that you are trying to bring in trans-nationals as competitors of Indian monopolists while standing helplessly by. You firmly believe that they also serve who stand and wait. In this case you will serve nobody else but the trans-national monopolists and the Indian monopolists. On this I want your answer. It is this that you must answer.

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir): Mr. Vice-Chairman, Sir, the hon. Minister has stated that 100 per cent plus 5 per cent, 105 per cent is the edge enjoyed by the tyre manufacturers. May I know whether the imported prices are substantially lower, whether the manufacturers will be able to increase the prices further, whether this has got any relation with the manufacturers? This is my point.

SHRI M. ARUNACHALAM: Mr. Vice-Chairman, Sir, I am very much thankful to the hon. Members who have supported this measure taken by the Government. Sir, as hon. Members are aware, time and again, they have raised in the Parliament and we have also answered that we will be taking this step when time arises. Sir, as you are aware there is no price and distribution control on tyres. However, we have been in constant dialogue with the tyre manufacturers and asked them not to raise the tyre prices. In fact, in June, 1987, we have written formally to the tyre manufacturers that they should not raise the tyre prices. Further, Sir, the last meeting that we had with the tyre manufacturers was in February, 1988, that is, the last month, when again we have asked them not to raise the tyre prices. Sir, it is a temporary...

SHRI PARVATHANENI UPENDRA: You asked them. What is their response? What did they do?

SHRI M. ARUNACHALAM: We are keeping in constant touch with the manufacturers. This is a measure which will make them realise. This is a temporary measure. If the situation is under control, then, we will naturally be stopping.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Shri Ajit Panja.

III. Assessment of partnership firms and exemption of public sector bonds from wealth Tax

THE MINISTER OF STATE IN THE DEPARTMENT OF REVENUE IN THE MINISTRY OF FINANCE (SHRI AJIT PANJA): Mr. Vice-Chairman, Sir, the Hon'ble Members would recall that while presenting the Central Government's Budget for 1988-89, in paragraph 93 of his speech (Part B) the Finance Minister had mentioned about the Direct Tax Laws (Amendment) Bill, 1987, which was passed during the last session of the Parliament, and referred to the main points that have emerged for Government's consideration on the basis of the representations received by the Government from various quarters. The first point mentioned in this para is about the new law relating to assessment of partnership firms. The other three matters pertain to levy of 30 per cent. Additional tax, provisions relating to charitable trusts/voluntary agencies, etc. and reopening of assessments.

The representations received by the Government are being considered. However, since the accounting years for some of the partnership firms have already started and the new law has become applicable in respect of some of them or would apply in all cases

[Shri Ajit Panja]

with effect from 1-4-1988, and since some changes in this regard are contemplated, it is only fair that the taxpayers are not required to make a switchover from the old system to the new one and then again make further changes in conformity with the scheme that may be formulated after taking into account the various points raised for Government's consideration. It is, therefore, proposed to move suitable Government amendment to provide that the new scheme relating to assessment of partnership firms will come into operation with effect from 1-4-1990, i.e. from the assessment year 1990-91. Till that date, the existing provisions, before these were amended by the Direct Tax Laws (Amendment) Act, 1987 will continue to operate. In respect of other matters, where the dates of application is 1-4-1989, no postponement is considered necessary as the new Bill proposing amendment to the Income-tax Act, 1961 (as amended) is expected to be placed before this House shortly.

Some criticism has been voiced regarding the proposal in the Finance Bill that public sector bonds notified by the Central Government under section 5(1)(xvic) of the Wealth-tax Act will be exempted to the extent of Rs. 5 lakhs only along with other assets such as one house or part of the house, while earlier commitment had been made that such bonds would be exempted from wealth-tax upto an unlimited extent. It is not the Government's intention to take away the benefit which has already accrued to the taxpayers. By Government amendment, all bonds sold on or after 1-6-1988 by public sector companies only will be brought within the limit of Rs. 5 lakhs. Consequently, all bonds sold before 1-6-1988 by the public sector companies and notified by the Central Government as exempt upto an unlimited extent would continue to enjoy this benefit.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): See, I was the first person to seek clarification but since I am sitting here, I cannot do so. (*Interruptions*)

SHRI SUNIL BASU RAY (West Bengal): Mr. Vice-Chairman, Sir, we have been presented with a very strange statement by Shri Ajit Panja, the Minister of State for Finance. Last time, when this Bill was passed on the last day of the Session, we told the Minister that full discussion should be held and without full discussion, such Bill should not be passed but it was passed. As far as I remember, Sir, a few days after, one of the Members of this House from the other side, Shri Salve, I remember—I have read it in the newspaper—commented that in such hurry and haste, such an important Bill which is a very big Bill should not have been passed. This reflects on the attitude and on the mind of the ruling party towards matters which are very much sensitive, which are so important for the future of the nation, for the present transition period in our life but such issues are being decided in a rough-shod and cavalier manner and no respect is given to the wishes, to the sentiments, to the opinions of the people, those who are in the majority in the country. In the Bill, we have seen that there are different dates for different sections to come into effect and here the Minister has made a statement that certain sections will be delayed in giving effect to and these are in deference to the representations received by the Government from the monopolists, from the big traders and from the multi-millionaires and to protect their interests, the Government has produced this statement and they have expressed the opinion that certain sections will not be implemented on the date of implementation as they are in the Act itself. Now, we also know that the Finance Bill has approved the issue of public sector bonds. Now this is a matter of serious financial...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Please conclude now. You have already taken more time.

SHRI SUNIL BASU RAY: Sir, I do not want to take much time of the House because time is running out. So I expect the Minister will reply to the points I have raised and clarify the circumstances which compelled him to produce this statement before the House.

PROF. C. LAKSHMANNA (Andhra Pradesh): Mr. Vice-Chairman, Sir, the Direct Tax Laws Amendment Bill, 1987 was brought and passed on the last day of the last Session and the statement which intends to amend the Act to make it applicable from 1-4-1990 is brought on the last day of this Session as the last item. It only proves... (*Interruptions*).

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): This is not the last item. There is another item, a short-duration discussion.

SHRI DIPEN GHOSH: It was circulated only today afternoon.

PROF. C. LAKSHMANNA: This shows the way in which an important financial matter like this is being dealt with by the Government. It is done so casually. I hope at least in future this casualness will not be there on the part of the Government. (*Interruptions*). Now, the reason for making this applicable with effect from 1-4-1990 is that the representations received by the Government are being considered. However, since the accounting years of some of the partnership firms have already started and the new law has become applicable in respect of some of them and/or would apply in all cases with effect from 1-4-1989 and since some changes in this regard are contemplated... (*Interruptions*) I still do not understand this. If we take the next accounting year of these firms into consideration, that will be, in any case, before the beginning of 1-4-1989. Why is there this gap of two years? I am still not able to understand. Between now and then there will be one more financial year beginning for most of them. Even if you take Deepavali as the beginning of a financial year and so on, there will be one more Deepavali. Similarly, there will be one more accounting year starting which could have been taken into account with effect from 1-4-1989. Instead of its being made with effect from 1990 for the assessment year 1990-91 if it had been made for the assessment year 1989-90, I can understand. But, for the assessment year 1990-91, this is being implemented which is from 1-4-1990. In between there had been sufficient time for them to make it applicable from 1-4-1989. I would like to know from the hon. Minister why this has been done so. What is the particular rationale in this?

Now, coming to the next point, it says that this Rs. 5 lakhs ceiling will not be applicable for public sector bonds which would have been purchased or would be purchased till 1-6-1988. Now the question arises if it was to encourage people to invest in public sector so that you would mop up resources for the working of public sector. If this will not dampen now, will it not dampen from 1-6-1988? Are you envisaging that there would not be any dampening of this from 1-6-1988 and that you will be able to mop up sufficient resources for public sector? What has been the particular rationale in doing this also? I would like to know.

Finally, either the Amendments or the Bill itself should have had considerable time for consideration. I would, therefore, like to know whether the hon. Minister will assure us that the Amendments which he is proposing to bring into the Act will be circulated quote in advance and that sufficient time will be given for the hon. Members to go through them and see the significance. Will he, at this stage, even consider the possibility of referring the matter to a Select Committee so that all issues could be discussed in detail and a much better, foolproof, Direct Taxes Act can be in operation? Thank you.

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir): Mr. Vice-Chairman, I must congratulate the Government on two points....

SHRI PARVATHANENI UPENDRA (Andhra Pradesh): Why only on two points? You congratulate the Government on many points, on all points.

SHRI GHULAM RASOOL MATTO: The first is Mr. N. A. Palkhivala has come out in his speeches that the Government goes back on its own promises, that bonds issued by it are subject to wealth-tax beyond Rs. 5 lakhs. By this amendment now the Government has clarified that those who had originally taken those bonds up to 1-6-1988 will not come under that. The second point is there are umpteen number of partnership firms who would have been put to a great inconvenience if their accounting year were to start from 1-4-1988. Prof. Lakshmanna asked why it was being done from 1-9-1990. Let me tell you the next year 1988-89 has already started for some of the firms particularly in Maharashtra and south where they have their accounting year from either Diwali or some other season. For them it can only be done from the next year. So 1990 is the accurate point for which I congratulate the Government and umpteen number of partnership firms will heave a sigh of relief.

Then I have only one point to make. I agree with Prof. Lakshmanna. The honourable Minister said that this amendment to the Amendment Bill will be brought before the House shortly. I would only request him that sufficient time should be given to the Members of Parliament and others to really study and understand the new amending Bill. Now that the House is going to adjourn today and the next Session will begin somewhere around April 25, will the Minister assure us that the Bill will be ready and will be circulated well in advance to the Members for their convenience?

Once again I congratulate the Government on these two points.

SHRI NIRMAL CHATTERJEE (West Bengal): Mr. Vice-Chairman, for once I sharply differ from the other speakers in the Opposition, firstly, not because they are offering me a non-existent seat, but because my very strong criticism was about the manner in which the Taxation Amendment Laws Bill was rushed through; but still it did contain some good points although mixed with many bad points and we did not have a chance to comment on them. This was the unanimous opinion. One of the good points was fixation of the financial year compulsorily for all. I expressed myself in the Consultative Committee also that it was a welcome provision, that way you could seal it off in many ways.

The second point is I think he has just made an arithmetical mistake. It is not a two-year postponement. It is 1-4-1989 to 1-4-1990. Really it is only one year, if I have understood it correctly. He will perhaps correct me if I have misunderstood it. But I have a different comment on that. It was a very critical thing which I wanted to refer to in my speech on the Budget but I could not do it at that time. I am afraid in the name of concessions you are yielding to the partnership firms which are quite often a cover for many people who are amassing fortunes within the country. And I won't be there to participate in the future debate. I want to issue a warning and I reques all those who remain here to give you a tooth and nail battle on the question of the kind of concession that you are going to offer to the partnership firms. It is a common practice that in the name of the poor you give concessions to the top, and that must be averted. At least I would request all the remaining Members to do the battle along that line.

But there are gennuine small partnerships and that is he problem in the economy. Because they are existing in the economy, in their name the big guys are exploiting all the opportunities. That is true of the small-scale sector and that is true of this also.

My third point is that I agree with you unlike other that there should be a ceiling on Wealth tax exemption. I entirely agree with you because the point is not drawing funds only to the public sector and that will be looked into in an one-eyed manner. But the point is how much wealth you want to permit to any individual, whether an unlimited amount and unlimited flow of income from that wealth, and I am putting this question because of your general policy of permitting accumulation of wealth in the case of big houses. But, if this is an attack on that, then it is absolutely welcome. Since the commitment was there, you are now shifting the date to 1.6.88. All the same, I welcome it.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI) Now, Mr. Minister.

SHRI AJIT PANJA: Sir, I am thankful to the honourable Members for raising certain points and I think the Members themselves sitting on the Opposition side have each other answered each and every point raised.

First of all I must offer my thanks to Mr. Chatterjee for clearing the point raise by two Members about the date. It is the previous accounting year which is taken into consideration. Therefore when an assessment is made, it is the previous accounting year which is to be taken into consideration. If this Act comes into operation on the 1st April, 1988, the day after tomorrow, then the accounting year which will be taken into consideration...

SHRI GHULAM RASOOL MATTO: It is 1988-89.

SHRI AJIT PANJA: ...is 1988-89—I am thankful to Mr. Matto for having clarified this—and if it is 1989-90, the assessment year that will be taken into consideration is 1990. I am thankful to Mr. Matto because he has made the other point also clear to the Members. In the kaleidoscopic variety of our country, there are various types of accounting years observed like the Baisakhi New Year, Bengali New Year, Pongal New Year, etc. Then there are other years also in general and somebody starts the year on some day. Therefore, all these things are there and Mr. Chatterjee has really hit the nail right on its head when he said that by manipulating their accounts, some businessmen were taking advantage of it. Therefore, consistently, all the Committee set up on this issue including the one under our very revered former colleague, the late Mr. L. K. Jha, insisted on having one particular accounting year. But, in our society, we have to give some time to people to adjust when we bring in a new thing which breake the old system started long before, thousands of years before. Therefore, time is necessary so that they can adjust and the practical difficulty which is there is removed because we have the basic law—and the law is equal to all—that the salaries and other emoluments to the partners are to be paid according to the agreement. Now, the agreement which has already been entered into cannot be changed just because the law has been changed. They can and they must do it provided they are given time. So, within the next year they will change their agreement according to which salaries are to be paid. Otherwise, if it becomes operative the day after tomorrow, there will be great difficulty and some accounting year will have six months and some accounting year will have 21 months and there will be difficulty in the payment of salaries and other emoluments.

SHRI PARVATHANENI UPENDRA: What prevented you from anticipating this? Why could not this be anticipated earlier?

SHRI AJIT PANJA: So far as rushing through the Bill is concerned, although I was not there, I have examined it while considering the various amendments according to the representations made by Members of Parliament and also by the members of the public who are paying taxes. The Bill was not actually rushed through.

[Shri Ajit Panja]

The Business Advisory Committee fixed a certain amount of time for the Lok Sabha and a certain amount of time for the Rajya Sabha. Whether more time was allotted or not, if the Business Advisory Committee allows or allots one hour, it is not the fault of the Government because all the parties are represented there.... (*Interruptions*)...

SHRI DIPEN GHOSH: I am telling you, it is not correct .. (*Interruptions*)

SHRI PARVATHANENI UPENDRA: You see, we walked out and we did not participate. (*Interruptions*)...

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): We should not disclose what happened in the Business Advisory Committee. I also know what happened actually. So, let us forget it. Let us not disclose what happened in the Business Advisory Committee.

PROF. C. LAKSHMANNA: Sir, he cannot take advantage of the decision of the Business Advisory Committee. In that case, I would also like to say something. . . (*Interruptions*)...

SHRI AJIT PANJA: I am not talking about that, but the decision I can...

SHRI DIPEN GHOSH (West Bengal): That also is not correct.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): In the House he can refer to it.

SHRI DIPEN GHOSH: In order to prove that the decision was not correct, one has to refer to the discussion. (*Interruptions*)

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): If it was announced, the Business Advisory Committee decision, then he has every right to say this.

SHRI DIPEN GHOSH: There are two aspects of the decision. How much time will be allowed for discussion? (*Interruptions*)

SHRI AJIT PANJA: Members will get enough time for that. Sir, Sunil Basu Ray has stated this is meant to help monopolists. Perhaps he does not know that many very small business people have also got partnership agreements. Others are limited companies. (*Interruptions*) I cannot go on like this. I don't know. I am clarifying the point.

SHRI SUNIL BASU RAY: Representations received by the Government are considered. Now, after passing the Bill when it became an Act, you are considering other issues, the representations. But you have not taken into consideration the views expressed here that such a Bill should be considered in detail, in depth, and such a Bill should not be hurried through. (*Interruptions*)

SHRI AJIT PANJA: What is the point of clarification? I do not know. I am not going into that. But I deny categorically that this has been made for monopolists or big businessmen. If it is being said for the purpose of bringing in politics, I am helpless.

Mr. Nirmal Chatterjee made his point. I am obliged to him. He is a very senior Member. That has to be done. And various provisions shall have to be given effect to if we really have to tax those who can afford to pay and who are bound to pay. Even though Mr. Chatterjee will not be here, his friends in the Opposition will be there, and I will be there to see to it. So the entire pith and substance is to get rid of tax evaders through their own machinations. These loopholes given by plugged totally. That is why all sorts of opinions given by Members of Parliament, by various organizations, various Chambers of Commerce and various people, partnership concerns and individuals, are being considered.

Sir, in fact, before this Bill one small committee was also formed. Mr. Salve was also present. I do not know whether Mr. Salve made any com-

ment in the newspapers. I also talked to him and others in the Committee. Sir, you yourself also participated in that committee. And I find from the reports that by and large the committee's recommendations were given effect to, but some points could not be noticed and also the passing of the Bill was so late that when it came into effect in January almost all the accounting years were already over, whether it was the calendar year or Bengali year or others. All this confusion came in.

(The Deputy Chairman in the ***Chair)***

So far as the dampening effect talk of by Prof. Lakshmanna is concerned, this has already been dealt with and I need not deal with it any more.

One of the Members stated that there should be proper circulation of the amendment which is being proposed to be brought forward .I will certainly bring this to the notice of the Finance Minister. And I can assure the Members that at least this time the circulation will be in such a manner that Members do get sufficient time to go through it so that the deliberations are as complete as possible. Madam, I know that even then the complaints will come saying that somebody did not get sufficient time. Now, what is the definition of sufficient time. This might be clarified by Members unofficially so that this could be circulated well in time and Members can deliberate on it. I will certainly send at least one to Mr. Chatterjee because I want to take advantage of his long experience, particularly in fiscal matters to which he has given enough time and energy. Madam, these are my submissions.

THE DEPUTY CHAIRMAN: Mr. Jagesh Desai wants to say something. He could not get an opportunity earlier.

SHRI JAGESH DESAI (Maharashtra): Madam, I am very happy that the Government has come in time to give extension to the partnership firms and other assessees. It should have been done earlier. Anyhow you have done it now and I compliment you for it.

I would like to stress one point very specifically. Please don't dilute the Act. If there is a heart-burning among the small assessees, you remove it. But the benefit should not be passed on to big assessees. You must take care of that. The small partnership firms are affected to some extent. Many of them have been benefited. But there are some classes of partnership firms having an income of Rs. 30,000 or Rs. 40,000 which are in difficulty. That is why, you can suggest in the Act that if the income of the partnership firm is Rs. 30,000/- or Rs. 40,000/-, then Rs. 10,000 will be given as rebate. In that case, all marginal and small firms will not be hard-hit. I would like the hon. Minister to ponder over it.

The financial year must be from 1st of April to 31st of march. We have got it done after a big fight. The accounts are manipulated and the incomes are transferred. We should have no loophole against this type of tax evasion or giving tax at a lesser rate of tax. This must be kept in mind. These are my observations, Madam. Thank you.

SHRI AJIT PANJA: I am thankful to the hon. Member. I can give this assurance to him. The object is not to help any big one. But the whole thing has been kept open by the Government because there were representations from the small business people. This Government under the leadership of our Prime Minister is sympathetic to small people. Having passed the Act, we could have sat tight. We find that the small business people are really suffering because of the various repercussions that are coming in. So far as big assessees are concerned, I can assure that the law will take its own course. But the small people should be protected. That is why, all the things have been taken into consideration. There will be no let-off in our battle

[Shri Ajit Panja]

against tax evasion. This will continue. That is why, we are making the 1st of April of a particular year as the accounting year.

SHORT DURATION DISCUSSION

Brutal repression of Palestinian people by the Israeli army in the occupied Arab territories on West Bank and Gaza Strip

THE DEPUTY CHAIRMAN: Now we shall take up the Short Duration Discussion. Mr. Anand Sharma to initiate the discussion.

SHRI NIRMAL CHATTERJEE (West Bengal): How long will this Snort Duration Discussion be?

SHRI ANAND SHARMA (Himachal Pradesh): I entirely agree with Prof. Nirmal Chatterjee. But it is important.

SHRI NIRMAL CHATTERJEE: This important thing will take us up to 10 P. M.

SHRI DIPEN GHOSH (West Bengal): The entire House should have a voice.

SHRI ANAND SHARMA: Madam, to begin with, I would like to associate myself with the objections raised by Shri Dipen Ghosh and Prof. Chatterjee. It has been an agonising wait to inform the House of the agony of the people of Palestine, particularly in the occupied territories. It has been a subject of great relevance and importance, a subject which concerns the people of India and all those who support the just cause of Palestine in the rest of the world. Madam, it is very unfortunate that this is the last item on the List of Business and I would like to put on record my personal unhappiness as I was expecting this to be taken up earlier.

Madam, this discussion is primarily aimed at high-lighting the sufferings of the people of Palestine and Arabs in the occupied territories of West Bank and the Gaza strip. It is over four months now since this territory exploded, in an open rebellion of the people there against the repression, against the exploitation and against the discrimination of the illegal occupier the State of Israel. Today the entire world is shocked over the manner in which the Israeli Military and the Israeli Government has dealt with this burning issue, dealt with an issue which primarily involves the basic human rights, an issue which concerns not only West Asia but the entire World.

Madam, the tragedy of the people of Palestine has, perhaps, been the worst tragedy of history, and the worst tragedy of this century also. It was over 40 years ago that the happiness of these people was snatched away when a State was created on religious ground, one people were given a homeland and the Palestinian people were deprived of their homes. They were driven away from their land. Their freedom was snatched away. In these 40 years they have been persecuted and hounded both by the Israeli army and their agents. And in spite of this, the struggle continues. They continue to struggle for their homeland, for the restoration of the inalienable human rights, the right to live in their homeland with freedom and dignity.

Madam, it is ironic that a State and people who asks for the sympathy of the rest of the world because of what was done to them by Hitler, because they were the victims of Hilter's fascism and Hitler's crimes, that very State, those very people today stand in the dock for committing worst crimes against the Palestinian people, against the Arabs in the Occupied territory. The State of Israel always raised the bogey of Arab fear, the bogey of possible Arab invasions to annex the territories in the West Bank and Gaza. It is over 20 years when these territories were annexed. And what has been the